ENGIE BRASIL ENERGIA S.A.

Script of Conference Call with WEBCAST

FOURTH QUARTER OF 2018 AND 2018 YEAR RESULTS

FEBRUARY 20, 2019 – 12:00 NOON (BRASÍLIA TIME)

Operator: Good morning. This is the conference call of ENGIE Brasil Energia where we shall discuss the results for the fourth quarter 2018 and the year 2018. All participants are connected in a listen-only mode. Later, we will open the call for the questions and answers session, at which time instructions for participating will be given. Should you need the help of an operator during the conference call, just touch "asterisk zero". We would like to remind you that the call is being recorded.

The presentation, accompanied by the respective slides, will be transmitted simultaneously on the internet through the www.engie.com.br/investidores website. By accessing the website, you can also obtain a copy of the presentation and the press release of the Company's results.

Before proceeding further, we would like to clarify that any forward-looking statements that may be made during this conference call with respect to the business outlook for the Company should be treated as forecasts contingent on the economic scenario for the country, performance and electric sector regulations as well as other variables, and therefore subject to change.

With us today are **Eduardo Sattamini**, Chief Executive Officer of ENGIE Brasil Energia, **Carlos Freitas,** Chief Financial and Investor Relations Officer and **Rafael Bósio**, Investor Relations Manager, all of whom will comment on the performance of ENGIE Brasil Energia in the fourth quarter of 2018 and 2018 year. Immediately afterwards, they will take any questions you may have. We would remind you that journalists wishing to ask questions should do so via e-mail, sending their questions to the Company's Press Relations area.

I will now turn the call over to **Eduardo Sattamini**. Please go ahead.

EDUARDO SATTAMINI: Good afternoon to all, it is a pleasure to be here with you once more to present the Company's good results, record results in fact. Let us begin the presentation, trying to be more succinct with this part and leave more time for the questions and answers session.

So let's begin with slide number 5, where we show the leading financial indicators for the Company. Net operating revenue showed an increase of 25.5% year-on-year, principally due to three factors: the first is the formalization of our trading activity. We set up a trading desk in our commercialization area so that we could be more actively involved in the market, negotiating short-term operations. This generates a large volume of transactions, a large volume of sales, albeit with much slimmer margins. So this reflects heavily in our sales revenue although not representing such a large increase in margin. In fact you can see that our margin fell from last year to this from 50.2% to 49.7%. That's a small decline but if you ignore the trading activity for one moment, this margin on net operating revenue would have been approximately 54%.

Our result for Ebitda rose 24.1% due to trading factors and growth from Jaguara and Miranda both consolidated in our results for the entire year. In 2017, Jaguara and Miranda only contributed to net operating revenues in the months of November and December. In 2018, also contributed to a very significant result in the short term market for operations transacted through the CCEE due to our strategy of allocating energy and the maintenance of an amount of non-contracted energy for the current year. So this reinforced considerably our Ebitda also having a positive impact on Net Income, although not in the same magnitude, the latter increasing only 15.5%, since our growth was financed with debt - by an increase in debt. It is worth remembering that the acquisition of Jaguara and Miranda was financed entirely from debt. Our results were also driven by new operations at Campo Largo, which went into full operations in the month of December, not to mention Umburanas, where operations began in January with four wind farms.

So this additional debt fed through to our total outstanding debt. Net total debt went from R$ 4.5 billion to R$ 6.9 billion or there abouts and this obviously had an impact on our financial expenses, not to mention that part of our debt which is indexed to the IGPM and relating to concession debt. Carlos Freitas will talk a little more about this when he goes into more detail on the Company's financial operations.

There were no significant modifications in the amount of energy sold. There was a small increase in average price and this demonstrates that renewals of agreements have been squeezed by medium and long-term prices a little lower due to cheaper energy - principally from the wind farms. But in this we know where we are treading and in spite of all, we are managing to sterilize the impact with no negative effect on our results.

Payroll numbers grew significantly precisely due to the increase in installed capacity, not to mention the fact that we have employees involved in the construction projects, more particularly at Pampa, which we imagine will go into operations shortly, our intention being for commercial operations to begin in June of this year.

Moving on to slide 6 and talking about other highlights, such as one we have already mentioned - the Campo Largo wind complex reaching 100% of its commercial capacity. We have already approved a second phase at Campo Largo, viability of which has been made possible through medium and long-term agreements in the free market. In other words we are also pioneers in allocating power from wind farms to the free market.

We also approved the increase in capital stock with a share bonus distributing one new share for every four. With this, we have increased liquidity, the free float and as well as impacting positively shareholder flow in our shares.

Since early January, we have been ramping up commercial operations in the Umburanas wind farms and there are already four of these in commercial operation, a further two at a test phase and in this case we hope that by the end of this week or the beginning of next, both these can be considered operational as well. Our idea at Umburanas is to anticipate our own forecasts for startup and still come in a little below budget at the end.

Moving on to slide 7 and continuing the highlights, we broke a new generation record on January 11. This will be a tendency since at the beginning of this year we have had stronger river inflows. Even though hydrology is unfavorable, we have a period when we are dispatching large volumes of hydroelectricity. Records also reflect capacity added to our generator complex so there is a tendency to register successive record generation peaks.

Two special highlights here in relation to sustainability deserve mention. We continue to be a component of the ISE for the 14th consecutive year. Since its inception, we have been a part of the ISE, one of very few companies, I think about four in total that have been consistently in the index since the beginning. A reason for pride for us and an indication that we are adequately pursuing sustainability and the appropriate governance, profitability and are being recognized for such in the market.

And the second element here in relation to sustainability is that for the second consecutive year, we are one of four Brazilian companies included in the ranking of the six most sustainable companies on the globe and this compared with more than 7 thousand companies worldwide.

And last but not least on slide 7 we show the distribution of complementary dividends worth R$ 76.7 million, which means a third consecutive year with a payout of 100%, and a dividend yield of 9.2% in 2018, an exceptional result.

In slide 8, there are no major changes other than the inclusion here of Engie Soluções. Engie Soluções is a subsidiary of the controlling company, Engie Participação, which has been operating more vigorously in the energy services and solutions market for industrial customers. This encompasses anything from energy efficiency to third party plant operations and maintenance. We are including this in the presentation because eventually, there may exist synergies to be captured by this unit and EBE's power transmission and generation unit.

Going on to slide 9, the highlight here is that we have increased our installed capacity to 8,100 MW. The tendency for the next quarter is further growth due to the entry into operation of Umburanas, and during 2019 as a whole, we will see additional increases in capacity thanks to the investments we are making. Today, the Company is operating 45 plants and a matrix comprising 79% hydroelectric plants, 10% complementary plants and the remaining 11% are thermoelectrics. With respect to the latter, we have already declared to the market that our intention is to relinquish our coal fired thermal plants. And here, we can talk a little about the process. We have non-binding proposals for Jorge Lacerda and we should begin a discussion phase with the interested parties for the opening of the data room, subsequently receiving binding proposals. We believe that by the middle of this year, we may have some type of formalization of the process and from thereon move on to a closing before the end of 2019.

As for Pampa, as Pampa goes into commercial operations in June of this year, it is our view that the process should only begin then since a large part of the construction risk will have been mitigated and we will be entering the performance phase. And it is at this point that we can then put together a suitable project finance proposal and package a project with a greater added value for the future purchaser.

So let's go on to slide 10 where the main message here is our continued position as market leader, as the largest independent energy producer in Brazil.

In the next slide, slide 11, we still show a timid presence in transmission, although reiterating that our interest is to continue pursuing opportunities, but profitable ones. Although we were unsuccessful in the last two transmission auctions, clearly we want to grow, but to grow with an adequate risk return. We continue studying and pursuing the opportunities and these opportunities may appear either in greenfield or brownfield format. So yes, we continue to pursue possibilities in the transmission area.

In slide 12, talking about our portfolio, we continue to adopt a portfolio balanced between the regulated and free market. But with the free market being increasingly important, principally when we talk about market liberalization through the intermediary of PL1917. So our presence in the market has been increasingly important and we have seen a significant increase in the number of free consumers. If you look at the foot of slide 12, today we have 515 free clients compared with 280 in 2017, that's an increase of 84%. So we believe that this is a tendency and we are preparing our commercial area to this end with a beefed up team and embedded technology in the commercial area so that we can handle increasing volumes from free clients and in anticipation of much greater free market business than is the case at present.

On the following slide, slide 13, we show the segmentation of our clients in the free contracting environment. You can see here that there is no major concentration, so in other words this dilutes our risk and avoids any systemic risk occurring any one given industry. And in total value, free consumer volumes for this year show 2,600 average MW against about 2,200 average MW in 2017. That means a growth of around 18% in our share of the free market.

Moving on to 15, let's talk about the energy market a little. We always point out that there is a structural excess in the offer of energy in the market, but GSF is working against such an excess. So while today there is overcapacity, as there is insufficient rain, this offer falls short and creates the need for more expensive dispatch from the thermoeloectrics, this also generating intense price volatility. This is the case now with the shortfall in rain during the months of January and February and below the historic average, generating prices which have gone as high as the established price ceiling in February. And this is going to be a characteristic of the market demanding some very astute administration for protecting against risk, and operating as a responsible portfolio manager. Obviously, for the electric power generators, it is always a good idea to have rainfall because this guarantees your capacity, delivery of your commercial capacity. However in the current unfavorable hydrological situation, we have been able to handle the situation reasonably well, protecting ourselves from the principal risks.

On commercialization, underscoring our strategy, on slide 17, you can see here in the graph on the left hand side, that while we are holding a part in uncontracted energy precisely to absorb these variations in GSF and eventual unfavorable hydrology, this strategy has allowed us to maintain resilient results. And on the other hand, on the right hand side, we can see that our policy of gradual sales of our energy is ensuring that we dilute the temporal risk of commercialization.

Slide 18, is basically a slide for the research analysts to model our Company. I'm going to move on since there is no major change here.

Let's go to expansion. Expansion talking a little about Jirau. At Jirau today discussions on the transfer of Jirau from the controlling company to Engie Brasil Energia is in a state of suspended animation mainly because it has also been affected by GSF since Jirau is currently renegotiating its cash flow with the BNDES, renegotiating its debt. So we preferred, or rather the controlling company preferred to resolve these problems prior to discussing the asset as such and for which Itaú was hired in an advisory capacity last year. But today, the work is at a standstill and we intend to return to the question as soon as the situation is more propitious and there is a little more clarity in order not to create uncertainty among Engie Brasil Energia's investors.

So let's move on to slide 22, where we discuss the Pampa Sul project. As I have already told you, we expect the project to go into commercial operations by June. Good news: last week we performed the steam blowing procedure, the functioning of the boiler, generating steam. Steam is generated under pressure to clean the piping, however taking some time to remove all the particles which may be in the pipelines. But once completed after some days, we can then connect the steam piping to the turbines and begin testing the turbine and synchronizing the plant with the national electric system.

This procedure is of great importance since once this is complete - we hope by the second half of March – from then on we can begin to have some generation and delivery to the system and this generation is remunerated at the PLD. And with the PLD high at the moment, this can bring in some revenue, some relief already for the Pampa plant.

Remembering that with the Pampa plant, the idea is that once in operation and once the financial equation/structuring is finalized, we can resume discussions with our advisor for putting this plant up for sale. Our aim is to exit coal-fired generation

altogether by 2020 as long as we can find a buyer to pay an adequate amount for the asset. But there is no rush, this is not the case of a fire sale. We want to sell to get out of this segment for strategic reasons, but these are two good cash generating assets and we have to employ the same discipline when we get out of a business for disinvestment purposes as we use when we go into new projects.

Very good, going on to the next slide, slide 23, Umburanas. As we have mentioned, four wind parks at Umburanas are already in operation. Our expectation is that we shall anticipate the operation of the others, having all wind parks in full operation by June, perhaps even in May. We are working towards this, but it also depends on the rate of work of assembly by our EPC contractor, which in this case is GE.

Yesterday we approved the contracting of the equipment and the civil constructor, the contractor that is to work with us on the Campo Largo - Phase II project. So we can begin to make a move on this and think about investing Capex for this project. The idea is that operations should begin in 2021. The relevant contracts are already being closed although one is still pending, the one we call balance of plant, namely the medium voltage transmission networks and the substation connection.

Let's go onto the Gralha Azul project in slide 25. The project is on schedule - the principal suppliers already hired - and at the licensing phase. Our expectation for the license for the first lot relating to the initial stage of the construction – that is the substation in Ponta Grossa – is that we will have this towards the end of the year in the third quarter and that we will then begin construction work about November time. In general the construction part of the project lasts an average of 12 months. And there is a reduction in relation to Aneel's Capex figure of 15%. This has made us competitive for this lot and with an adequate return.

Let's proceed to the next slide, 26. The highlight here is that we acquired the remaining 50% stake in ENGIE Geração Solar Distribuída, still in the hands of our partner. And this now gives us a greater degree of confidence to inject and raise resources for focusing on B.O.T. (Build-Operate-Transfer) operations for small and middle market industries and commercial enterprises so that we can leverage a segment with greater returns in the distributed solar energy business.

Going on to the next slide, slide 27 is a little about our pipeline. As you already know very well, we have opportunities in the solar and wind areas as well as in the gas-fired thermal generation. We believe that gas is an energy transition fuel, moving away from coal, fuel oil for the various thermoelectric plants that exist in Brazil, still using these more polluting fuels and that gas is necessary where you have an intermittent matrix such as the case with hydro, wind and solar power. The latter are sources of generation which depend on natural factors and for this reason there is a need to have an energy source which is firm and we see gas as this necessary energy source.

Now I will move on a little to financial performance, passing you over to Carlos Freitas to talk to you about our principal highlights.

CARLOS FREITAS: Thank you Sattamini. And good morning or good afternoon to all. Very well, moving on to the following slide, 29, here you can see and confirm the Company's constant growth both in revenue as well as Ebitda and net income down the years, not only this year now but over time. And where has this growth come from?

On the following slide, growth in net revenue. Here there are three key highlights. The first is the increase in trading operations which brought in R$ 724 million in net revenues in 2018 relative to 2017. And here the Company took a strategic decision to be present in trading, not only to generate income from the trading business as such but in an even more significant way – namely to be in the market which is closest to the counterparties and to get an even more precise reading of energy prices.

The second highlight relates to the short-term market and was also an important moment for the Company's revenues of nearly R$ 500 million. We had, I believe, an even better performance in 2018 than 2017 in the proactive management of our portfolio. So this represents a revenue moment of nearly R$ 500 million with corresponding to about R$ 250 million of positive Ebitda in 2018.

The third key highlight, the contribution of which has already been mentioned, came from Jaguara and Miranda. Thus, the regulated revenue from Jaguara and Miranda, amounted to R$ 400 million compared with 2017. So clearly this is a reflection of our acquisition of Jaguara and Miranda, which was negotiated in the third and fourth quarters of 2017.

Well, I think those are basically the key aspects to revenues. And on the next page, our focus is on Ebitda where in addition to the expansion of Jaguara and Miranda, which as I said contributed R$ 400 million to revenue from the regulated part, and again as I just mentioned also in the case of Jaguara and Miranda, contributing increased revenues from the short-term market of R$ 250 million, there were another two important factors effecting Ebitda. One was the reduction in expenditures with fuels in 2018, largely because we reached an agreement with Petrobras in 2017 in relation to gas supplies to the William Arjona Plant. So in 2017 we had this cost already provisioned and we had to pay Petro for a large amount of gas and reversing the provision in 2017 so that in 2018 the cost no longer existed. Thus we had a comparative reduction of Ebitda in 2018 according to this concept. But basically it was one thing compensating the other.

I think the third important highlight for Ebitda relates to purchases for resale. As we had a reduced GSF in 2018, we had less recourse to the market, buying less energy from third parties to complement our sales portfolio. So, with this we managed to save R$ 115 million with our Ebitda. And here we had some lesser items such as for example non-recurring items, some insurance payments, some claims which we received during the course of 2018, claims from previous periods. Included here as well is a fine, a small one which we received. So, there are things here which are recurring. We would like to make it clear here as to what is recurring and what is not recurring so that no one does their sums using an incorrect base.

And on net income, in the following slide, I think here the highlight is for the important increase in financial expenses for two reasons: one is more obvious and clearer and related to the increase in Company debt. As has already been said, we are financing our expansion with debt, both greenfield as well as M&A, the case of Jaguara and Miranda. We are rebalancing the capital structure of the Company, reverting to a healthier level, with a little more debt and debt which is long-term, cheap and in Reais. So there was an important increase in debt, but as I said, a planned increase. And there was also an increase in inflation in 2018, during the year having an impact on the marking to market of our concession grants payable. For example, we have concession agreements payable for the Estreito, Cana Brava, Ponte de Pedra and São Salvador plants, which are indexed to inflation, normally according to the IGPM index. So we have a recognition in our liabilities of the increase in IGPM during 2018, which was more or less 7.5% while in 2017, the IGPM was -0.5%. Thus comparing 2018 with 2017, we saw an increase here of financial expenses as a function of these two reasons.

With this, we maintained excellent levels of profitability both in terms of return on equity and return over invested capital - enviable levels I believe. We have

maintained a recurring flow of good investments, with good investment decisions which will permit these returns for the Company to continue over a long period of time. We continue to pursue the same financial logic as always, which is to make investments which we believe provide an attractive remuneration for our capital.

In the following slide, we have a photograph of our debt inventory for the end of each year with debt increasing from R$ 6.7 billion to R$ 9.5 billion in gross debt from one year to the other. But subtracting R$ 2.5 billion of cash, we have R$ 6.9 billion of net debt, which gives a ratio against Ebitda of 1.6 times. It's still very comfortable gearing and we are confident that this level can go higher and with this, still maintain our AAA rating.

And with this, obviously also, to date, we can make a 100% dividend payout. This net debt – and here we have to jump two slides to slide 36 - is a debt which is well distributed over time with no one year with a major concentration. A debt which is 100% in Reais, the larger part of total debt, nearly half, price indexed, in IPCA, which is what indexes our energy sales agreements. A good part also in TJLP, which is very predictable. And short term debt, about 20% in CDI. Last year, we issued R$ 2.5 billion in medium and long-term debentures to finance expansion at Jaguara, Miranda, Campo Largo, etc.

And looking to the future, Capex for this year and for the next few years is on slide 37, we have a large amount which is already decided and contracted, that is Capex which is already assured of about R$ 1.7 billion in 2019, R$ 2,449 billion in 2020. This basically in 2019 is the remainder of Umburanas, which goes into operations during this first half. There is also the conclusion of Pampa which has already explained, goes into operations by the middle of the year and in addition Capex to make a start on transmission. Last year's Capex for the Gralha Azul transmission line was very low. Investment in Capex begins more to the end of the year after the issue of the Installation License and during the course of this year, we have approximately 10% of the amount for work dedicated mainly to the environmental part, land ownership, etc. But the larger part of the Capex will be in 2020 and 2021, shown here on the slide.

And so to conclude, on the following page we have maintained and are maintaining a 100% payout of distributable net income in line with our policy, in line with our practice for managing the Company: when we have good investments, we reduce the distribution because we believe that this will eventually create more value for our shareholders. At times such as today, from 2018 until 2016, we have been able to maintain a 100% payout because we have been re-leveraging the Company. So the Company is showing a profile of continual and constant growth overtime in our indicators for sales, Ebitda and net income. And maintaining a healthy payout policy,

allowing us to keep this at 100%.

Well, with that, I would like to open for questions.

BEGINNING OF QUESTIONS AND ANSWERS SESSION

OPERATOR: Ladies and gentlemen, we will now begin the questions and answers session. To ask a question, please touch asterisk 1 (*1). To withdraw a question from the list, touch asterisk 2 (*2). Please wait while we collect the questions.

FINAL CONSIDERATIONS

Operator: We are concluding the questions and answers session at this time. I would like to ask **Eduardo Sattamini** and **Carlos Freitas** for their final considerations. Please go ahead Mr. **Sattamini**....

EDUARDO SATTAMINI: Good, I would like to thank you for the participation of all. It is very gratifying to see that there are no questions, an indication of our very high degree of transparency as well as a capacity to explain our growing results. So, many thanks to all. Until the next result, and one which we also expect to be very interesting and growing. I will ask Carlos to make his farewells. Carlos is leaving us for a new mission so I would like to give him the opportunity to say goodbye to you.

CARLOS FREITAS: Well, I would like to thank you for the partnership and trust of the whole market, not only myself but also with the Company as a whole. I believe that we managed to build a relationship of mutual transparency and trust over the period and this reflects a little also in the way the Company is seen by the market. I am very proud to have been part of Engie and to have accompanied the building of the Company. So on that note I will end, thank you all and I trust that we shall meet again soon.

CONCLUSION

Operator: The conference call of ENGIE Brasil Energia is now concluded. We thank the participation of all and have a good afternoon.